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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

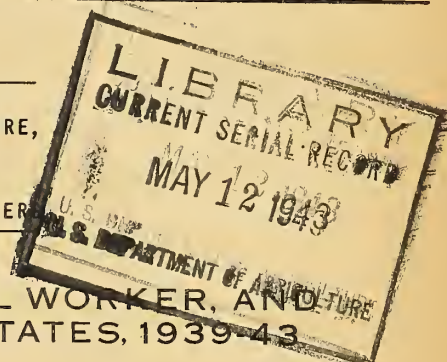
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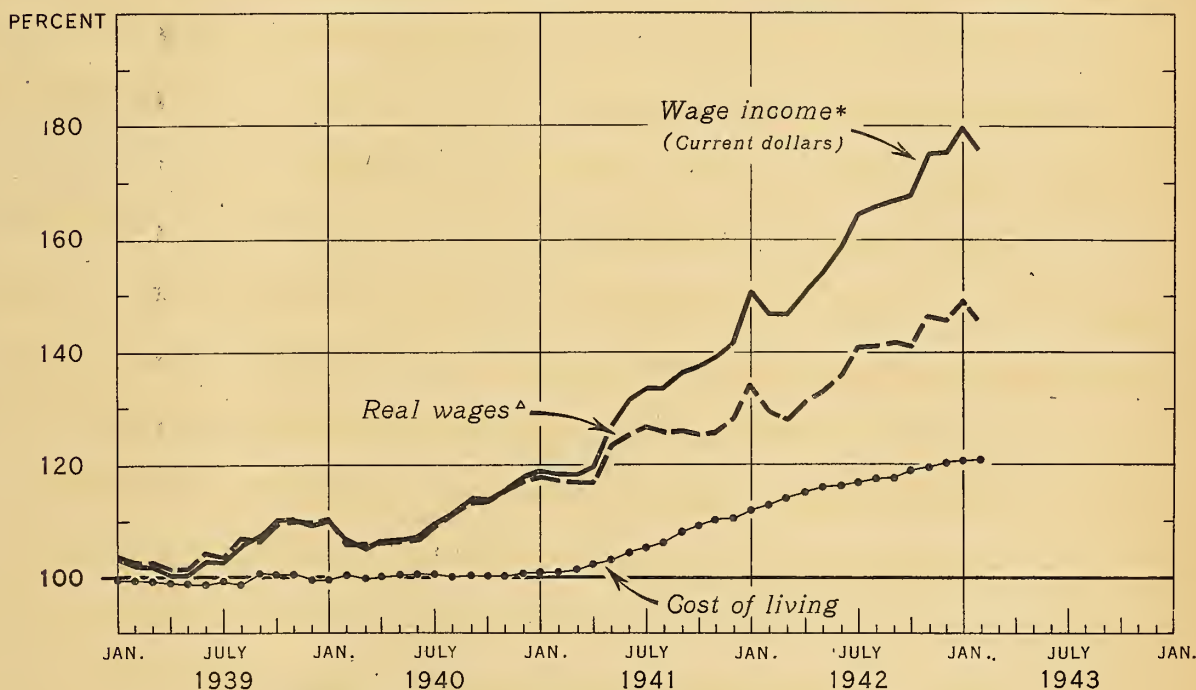
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BOOK REVIEW: "AMERICAN AGRICULTURE,
1899-1939: A STUDY OF OUTPUT,
EMPLOYMENT AND PRODUCTIVITY" BY
HAROLD BARGER AND HANS H. LANDSBERG



WAGES PER EMPLOYED INDUSTRIAL WORKER, AND URBAN COST OF LIVING, UNITED STATES, 1939-43

INDEX NUMBERS (1935-39=100)



* ADJUSTED FOR SEASONAL VARIATION

^ INCOME IN CURRENT DOLLARS ADJUSTED FOR CHANGES IN LIVING COSTS

U. S. DEPARTMENT OF AGRICULTURE

NEG. 42978 BUREAU OF AGRICULTURAL ECONOMICS

From the outbreak of war in 1939 until early in 1941 the increase in earnings of employed industrial workers represented a "real" gain because living costs, as measured by the Bureau of Labor Statistics index numbers, were not rising. During the 2 years Jan. 1941 to Jan. 1943 living costs rose, but only about half as fast as the wage income per employed industrial worker, permitting a substantial further increase in "real" income.

SUMMARY

During the next few months consumer demand for foods, at ceiling prices, will be larger than supplies available under point rationing. The reduction in Government purchases of food and release of some Government-held stocks for private sale recently were for the purpose of making supplies more adequate as rationing began and were not indications of a reduction in war needs.

With unemployment in March reduced to a million compared with close to 10 millions in 1939, before the present war started, any further impetus to consumer income through growth in the number employed will be relatively small. However, wage payments per employee probably will continue to rise some as a result of lengthening of the work-week, shifting from lower paid nonessential to higher paid essential jobs, and occasional upward revisions in wages "necessary to correct substandards of living." 1/

A large backlog of individual savings has been built up during the past 2 years. This existing reservoir of individual buying power, together with expected further gains in consumer income relative to the available supply of goods and services, will continue as elements of strength in the general price situation. Normally, substantial price advances would be expected all along the line -- at the farm, and in wholesale and retail markets. However, the movement of prices over the next few months will depend in large measure on success of the Government, under recently expanded controls, in continuing to prevent the normal reflection in prices of this surplus buying power (see The General Price Level statement which follows).

1/ The Executive Order of April 8, 1943 directs that further wage increases be confined to those clearly necessary to correct substandards of living or to adjust for the rise in living costs between January 1, 1941 and May 1, 1942

The general index of prices received by farmers rose four points from mid-February to mid-March, and at 182 percent of the 1910-14 average was at the same level as in mid-January and otherwise the highest since October 1920. Income from sales of farm products, adjusted for seasonal variation, rose in February to a new high for the present war period. With but few exceptions, any probable further increases in production of farm products would have little effect on prices received by farmers, many of which are now at ceiling levels. Production increases, consequently, would be reflected in a proportionate increase in income from sales.

-- April 19, 1943

DEMAND

Uninterrupted advances in industrial activity and in industrial employment and pay rolls in recent months practically assure continuation over the next few months of the upward trend in domestic consumer demand for farm products. Release of Government-held stocks of food for private sale early this month was for the purpose of assuring more adequate supplies for civilians as rationing began and was not an indication that military needs hereafter will be smaller.

Industrial production, as measured by the seasonally adjusted Federal Reserve Index, rose four points in February to 203 percent of the 1935-39 average. A further rise of around 2 points is indicated by preliminary data for March. The advance is supported by expanding war expenditures which were at a new monthly peak of 7,094 million dollars in March. Although some further rise in industrial activity is in prospect, advances become increasingly difficult as the backlog of available workers diminishes. In March there were, according to the Bureau of the Census, 52 million persons in the civilian labor force, of which 51 million were employed. The million without jobs in March 1943 compares with 3.9 million unemployed in November 1941, just before the United States entered the war, and close to 10 million in August 1939, before this war started.

Unemployment can, of course, never be entirely eliminated because of labor turn-over -- shifting between jobs and industries -- necessitated by changing labor requirements occasioned by seasonal and other factors. Thus the reservoir of surplus labor has just about been used up and further increases in civilian employment will depend in large measure on the natural increase in the number of persons of working age and the ability of industry to continue to pull into the labor market additional women and some men who ordinarily would not seek employment. This pulling process also becomes more and more difficult because those most easily influenced already have entered

the labor market and by so doing have reduced the potential additional supply. How important the unemployment reservoir has been in meeting wartime labor needs may be illustrated by comparing the decline of nearly 9 million in unemployed since August 1939 with the rise in total employment (including estimated military) of about 12 million.

Moves that are being taken to meet the demand for labor, now that there are but few additional workers available, include establishment of the 48-hour week in critical labor areas and attempts to decrease absenteeism. Incentive wage payments for increased output also have been suggested. Factory wage workers (constituting one-third of all employees in establishments) worked an average of 43 hours per week in 1942. A 5-hour increase in the average time worked in factories would have added the equivalent of 1,480,000 employees. Of course there always will be some absenteeism and on a scheduled 48-hour week the average time actually worked will fall somewhat under this figure. These data, however, give a rough idea of the maximum possibilities for increased labor utilization in industry, in the fields, and under the conditions stated. A year ago better utilization of the labor force was less urgent, but conditions have changed rapidly and in the months ahead the labor situation will tax the ingenuity of industry and Government.

Increased attention now is being directed toward more adequate production of "hard goods" items (cooking utensils, cutlery, alarm clocks, farm equipment, etc.) for essential civilian needs. "Soft goods" (textiles, food, tobacco, leather products, etc.) which have been affected less than the hard items, will come in for similar attention soon. These and a few other "straws in the wind" carry the implication that the production of war goods generally is proceeding according to plan; hence the studies directed toward restoring a better balance between supplies and essential civilian needs.

THE GENERAL PRICE LEVEL

Changes in the general price level over the next few months will depend in large measure on success of Government efforts in continuing to prevent the normal reflection in prices both of the existing reservoir of excess buying power and further gains in consumer income relative to the available supply of goods and services. The "hold-the-line" executive order against inflation, issued April 8, 1943, goes further in establishing limits on prices and wage increases than any previous order. This order directs that immediate steps be taken "to place ceiling prices on all commodities affecting the cost of living" and to prevent "further increases in wages or salaries except such as are clearly necessary to correct substandards of living ...". The order also provides against shifts in employment at increased wages except where "the change of employment would aid in the effective prosecution of the war" and for the disapproval of rate increases of common carriers and other public utilities.

Wholesale prices advanced moderately during the past month, with the agricultural groups of commodities again contributing more to the rise than the nonagricultural. Since the effective date of the maximum price order (May 11, 1942) the rise in nonagricultural commodity prices at wholesale has

totaled around 1/2 percent. During this same period wholesale prices of farm products have advanced 20 percent and of food products, 10 percent.

Early in October 1942 temporary price ceilings (prices charged by retailers, wholesalers, and processors) were extended to cover more than 95 percent of food products, and on April 8, 1943 the more comprehensive anti-inflation order, discussed above, was issued. In the interim, point rationing of canned goods, meats, and some other items had been started. Thus, the machinery for controlling agricultural product prices has now been pretty well assembled. Control of the nonagricultural groups is easier and has been broader and more effective from the start.

Urban living costs, as measured by the Bureau of Labor Statistics index, continued to rise into February (March not yet available). The advance was again confined largely to foods as it has been since the maximum retail price order became effective May 18, 1942. Between May 15, 1942 and February 15, 1943 the urban cost of living index rose 4.2 percent; retail food prices advanced 10 percent and the nonagricultural portion of the index rose 1 percent. In computation of this index, food is assigned a weight of around one-third in the family budget and other goods and services nearly two-thirds.

Because of the large increase in consumer income after taxes in 1942 -- from 88.2 to 108.8 billion dollars -- and an actual decline in the volume of goods for sale at retail, it is estimated that retail prices (goods only) would have averaged 34 percent higher than in 1941, in absence of governmental controls, compared with the 15 percent rise indicated by Department of Commerce data. In 1943, the rise in consumer income after taxes will be smaller than it was in 1942, but in relation to available goods and services such income will be much larger than in 1942. In absence of price controls the situation would result in an average 1943 retail commodity price level considerably higher than would prevail if advances are held to an average of around 1/2 percent per month.

FARM INCOME AND PRICES

The index of prices received by farmers returned to 182 in mid-March after declining to 178 percent of the 1910-14 average in mid-February, the same as that for January 1943 and otherwise the highest since October 1920. The all-time peak was 244 in May of 1920. The index of prices received averaged 23 percent higher during the first quarter of 1943 than during the corresponding period of 1942.

All groups of farm products contributed to the general rise in prices received by farmers between February 15 and March 15, although meat animal prices rose less than usual for the season and cotton rose the usual amount. Advances considerably in excess of the amounts usual in March were made by the groups for grain, fruit, dairy products, chicken and eggs, and miscellaneous products. Central market prices in mid-April generally were about the same as a month earlier, suggesting little change from the March level in the index of prices received by farmers.

Farm income from marketings in February declined much less than usual. A return toward more normal marketings of livestock, following the sharp recession in January, was the big factor in the income situation, although the adjusted returns from dairy products and crops generally also were larger than in January. In March, income will be affected favorably by the general increase in prices received. Livestock marketings made about the usual seasonal increase in March, but meat animal prices rose less than usual. Dairy and poultry products continued to move in large volume in March, and prices rose slightly, although normally prices decline in March. The movement of cotton into loan continued large but corn marketings were somewhat reduced, and because of cold weather in February and early March sales of several fresh vegetables did not make the usual seasonal increase in March. However, preliminary indications are that farm income from sales of all products rose about the usual amount in March and remained well above income in March 1942.

The demand for farm products during the next few months, at prices prevailing under Government ceilings, will remain in excess of supplies available, but point rationing will minimize the pressure that this excess demand otherwise would exert on prices. With but few exceptions, any probable further increases in production of farm products would have very little adverse effect on prices received by farmers, many of which are now at ceiling levels. Higher Government support prices, for the purpose of encouraging further increases in production, were recently announced for dry beans and peas and the oil-bearing crops, peanuts, soybeans, and flaxseed.

COTTON

Domestic cotton consumption totaled 995,512 running bales in March. Although this is a marked rise over February, consumption per working day declined. So far this season the consumption of American-Egyptian cotton totaled 34,032 bales, which is about 17 percent higher than for the corresponding period last year. Should consumption of American-Egyptian cotton continue at this rate for the remainder of the season, the total for the 12 months would be about 51,100 bales and the end of season carry-over would be much higher than on August 1, 1942.

According to the preliminary ginnings report issued March 20, the 1942 crop totaled 12,437,883 running bales, of which 73,189 bales were American-Egyptian cotton and 871 Sea Island.

Cotton prices fluctuated within a range of 2/5 cent during the month ended April 15. The average in the 10 markets for the monthly period was 21.10 cents compared with 21.02 cents a month earlier. The March 15 farm price was 19.91 and the parity price 19.96 cents. These compare with 19.68 and 19.84 cents, respectively, on February 15.

WHEAT

Production of all wheat for 1943 may total about 730 million bushels. This estimate is based on the April winter wheat estimate of 559 million bushels and allows about 170 million bushels for spring wheat. In arriving

at the spring wheat figure the following were assumed: Intended acres as reported in March, average abandonment, and yield equal to the post-drought years of 1937-41. A total production of 730 million bushels would be about 250 million bushels below last year but about the same as the 10-year 1932-41 average of 738 million bushels. It would be 80 million bushels above the production which would result from normal yields on the goal acreage.

Carry-over of old wheat July 1, 1943 is expected to be about 650 million bushels -- only slightly different from the 632 million bushels last July. Total domestic supplies, accordingly, may be around 1,380 million bushels, which compares with 1,613 million bushels for 1942-43. The estimate for stocks of 650 million bushels is based on an anticipated total disappearance of about 963 million bushels, which would be the largest since 1920. Disappearance of domestic wheat in 1943-44 may be as much as 1,100 to 1,150 million bushels, which would bring the carry-over on July 1, 1944 down to 300 million bushels or less. The very large prospective disappearance results from a significant increase in food and a very large disappearance for feed and commercial alcohol production. Any imports of wheat would go to supplement feed supplies and would not be expected to materially alter the expected wheat carry-over July 1, 1944.

Wheat prices on April 17 were down about 2 cents compared with prices a month earlier. Market prices on April 17 were above loan values as follows: At Kansas City 10 cents, at Minneapolis 6 cents, and at Portland 4 cents. Compared with the calculated wheat price equivalents of the flour ceilings, on April 17 prices at Kansas City were 2 cents above, at Minneapolis 2 cents below, and at Portland 5 cents below.

July 1 stocks of wheat in the four major exporting countries combined -- Canada, United States, Argentina, and Australia -- will be the largest on record. Even though supplies in the United States are well maintained and those in other countries large, it is expected that 1943-44 prices in the United States will average higher than they have in the current year, because price supports are based on the index of prices of things farmers buy and this has risen during the past year.

RICE

A rice acreage 7 percent above the goal and the same as last year was indicated by March intentions report. On the basis of the 1938-42 average yield, this acreage would result in a crop of about 73 million bushels. This would be 7 million bushels above the record crop last year, when yields were cut by storms during the latter part of the summer.

A crop of 73 million bushels together with a small carry-over from this year would provide for prospective exports and shipments, average domestic consumption, and leave a moderate reserve at the end of the marketing season. Domestic consumption in 1942-43 has been somewhat curtailed because of large requirements of our island possessions and for lend-lease.

Rice markets have been holding at ceiling levels, with supplies diminishing rapidly as the result of strong demand. Marketings of rough rice have been negligible, reflecting small remaining stocks and pressure of seeding operations. Prices to growers in mid-March were at the rate of \$1.80 per bushel, which is the highest price since 1925. Seeding of the new crop in the Southern States is making rapid progress.

FATS, OILS, AND OILSEEDS

New support prices were announced on April 8 for oilseed crops to be harvested in 1943 as follows: Flaxseed, basis \$2.85 per bushel for No. 1 seed at Minneapolis; soybeans, \$1.80 per bushel at country stations for No. 1 and No. 2 green or yellow beans with 14 percent moisture content; peanuts, prices to growers averaging close to \$137.00 per ton. Previously announced differentials for grade and other factors will apply to these base prices, which are somewhat higher than those replaced. Estimates of 1943 planted acreages based on farmers' March 1 intentions indicated that the 1943 acreage goal for flaxseed would be surpassed and the goal for soybeans probably reached, but that the peanut goal would not be achieved.

Production of lard, tallow, and greases in recent months has fallen below earlier expectations. Production of peanut oil and soybean oil in 1943 probably will be smaller than anticipated earlier. There has been a record use of peanuts for food and apparently a record utilization of soybeans for feed.

Consumption of primary fats and oils in most classes of manufactured products declined in 1942, largely as a result of reductions of dealers' inventories of the finished goods. Use of fats and oils in the manufacture of margarine increased, however, because of production for export under lend-lease. In 1943, a reduction is scheduled under Food Distribution Order 42 in all uses of fats and oils in the manufacture of products for civilian consumption except margarine and miscellaneous industrial products, most of which are directly essential to the war effort. A large increase in use in margarine for civilian consumption is allowed. Military and lend-lease orders will require large quantities of fats and oils to be used in several categories of products, notably compounds and vegetable cooking fats, in addition to the quantities used for production for civilian consumption.

CORN AND OTHER FEED

The production of four feed grains in 1943 may be about 11 percent smaller than in 1942, if farmers carry out their March 1 intentions and yields are about the same as the average for the past few years. With livestock numbers increasing, the 1943-44 supply of feed grains may be about 10 or 15 percent smaller in relation to the number of livestock on farms than the supply this year. Disappearance of feed grains, however, may be maintained or increased slightly in 1943-44 by reducing reserve stocks of feed grains increasing imports of grain from Canada, and possibly by feeding larger quantities of domestic wheat and rye.

The strong demand for feed during the first quarter of 1943 resulted in a 14 percent greater disappearance of corn than in the first quarter of 1942 and a 23 percent greater disappearance of oats. Total stocks of corn and oats on April 1 were about 6 percent larger than on that date in 1942. The carry-over of corn next October 1 probably will not exceed 500 million bushels and, if the present rate of disappearance relative to 1941-42 is continued, the carry-over will be somewhat below 500 million bushels, compared with 492 million bushels a year earlier. The carry-over of oats next July 1 probably will approximate 225 million bushels, compared with 195 million bushels July 1, 1942.

Cash and future corn prices remained at the ceiling levels during the past month, reflecting the strong demand for corn. The announcement released by the Department of Agriculture April 10 removed the "escalator" method of seasonal pricing and provided for a 5-cent increase in the current ceiling on yellow corn. This permitted cash corn prices to advance to \$1.07 for No. 2 Yellow corn at Chicago. Prices of oats and barley advanced 2 to 5 cents per bushel during the past month. Prices of wheat millfeeds and all of the high-protein feeds are at the ceilings, with supplies of these feeds inadequate to meet the continued strong demand.

Sales of Government-owned wheat, recently made available at the parity price of corn, have been about as large as permitted by the availability of transportation and loading facilities. It now seems probable that the entire quantity of 100 million bushels may be sold by July 1 if transportation facilities are adequate for moving this grain.

LIVESTOCK AND MEATS

Important developments in the livestock and meat situation during the past month include:

(1) The beginning of formal rationing of meats to civilian consumers on March 29.

(2) The establishment of specific ceiling prices at retail, effective April 1 for pork.

(3) The announcement by the War Food Administration that live animal prices will have to be lowered in order to relieve the squeeze upon processors margins. This is expected to be accomplished through vigorous enforcement of meat rationing and other controls, but ceilings on live animal prices will be imposed if necessary. In order to assure farmers that this action is in no way intended to discourage continued high production, the support price for hogs is being raised from the \$13.25 (Chicago basis) announced last January to \$13.75 through September 1944. For several months hog prices have averaged around \$15.50 at Chicago, roughly \$1.00 to \$1.50 per 100 pounds above the level which the wholesale ceilings should reflect.

It was also pointed out in this announcement that if crop yields are not as favorable this year as last, the supply of feed for livestock in 1943-44 probably would be smaller than in the current season. Hence, hog producers are advised not to increase their 1943 fall pig crop more than 15 percent over

1942 farrowings. Since breeding intentions indicate that this year's spring crop will be nearly 25 percent larger than a year earlier, an increase of only 5 percent in the fall crop would be needed to meet the over-all goal of a 15 percent increase in the number of pigs raised this year over last.

(4) Other developments in the meat control program include the transfer of the administration of the meat limitation order from the Office of Price Administration to the Department of Agriculture and the lifting of the set aside order for meat.

The number of cattle on feed in the Corn Belt on April 1 is estimated to have been 1 percent larger than a year earlier. Purchases of stocker and feeder cattle in the 3 months, January to March, have been moderately larger than last year, despite the relatively high prices for such cattle. This feeder movement apparently has been encouraged by the fact that fat cattle prices recently have averaged around \$1 per 100 pounds higher than was indicated earlier on the basis of ceiling prices for beef.

Compared with a year earlier, inspected livestock slaughter in March was down 16 percent for calves, down 10 percent for sheep and lambs, about the same for cattle, and up 17 percent for hogs. Hog prices declined 50 to 75 cents per 100 pounds from the \$15.75 average of the preceding several weeks (Chicago), following the announcement that steps would be taken to relieve the squeeze on packers' margins.

DAIRY PRODUCTS

With dairy product prices supported at levels which will average materially higher than in the second quarter of 1942 and the larger number of cows on farms, milk production in the second quarter of 1943 may be slightly larger than in the corresponding period last year. Owing to the prospective tight feed situation, milk production per cow during the second half of 1943 may be reduced sufficiently to bring about some decline in total milk production. The policy of the Selective Service, announced on April 4, of stimulating the return of qualified workers to dairy farms is expected to be of assistance in securing additional labor.

Sufficient stocks of butter and cheese are expected to be accumulated during the current into-storage season to maintain civilian consumption at the present level through 1943. Current consumption of evaporated and fluid milk is at a high level and probably will be smaller after the period of peak production. Civilian ice cream consumption will follow the same general seasonal pattern in 1943 as in 1942 under the limitation order. Total civilian per capita consumption of dairy products on a fat solids basis in 1943 will be about 10 percent below last year's record high level but on a nonfat solids basis may be slightly higher.

Prices of all dairy products continue at ceiling levels. Under Amendment 4 to Maximum Price Regulation 289, no price margin on butter was allowed for the jobbing function and most wholesale distributors changed from selling butter to jobbers and chain store buyers to selling to individual retail stores, bakers, hotels, etc. Amendment 11, effective April 2, corrects this

situation by dividing the wholesalers' margin into two allowances -- one for primary distributors and another for jobbers. On April 2 new dollars-and-cents price ceilings, 5 to 10 percent higher than previous ones, for industrial casein and dried whey for animal feed also became effective.

POULTRY AND EGGS

Egg production in the United States has about reached the seasonal peak for the year and is continuing at record levels. Numbers of layers have declined a little less than seasonally so far this year and the rate of lay per bird has been the highest on record. In March, laying flocks averaged 16 percent larger than a year earlier and production per bird was 1 percent higher.

Although the seasonal increase in ceiling prices to retailers from spring to fall is not greatly different from the price pattern for past years, the demand for storing increased considerably after announcement of the ceiling schedule, and prices advanced. As a result, wholesale prices for shell eggs were high relative to ceiling prices to retailers for shell eggs and ceiling prices for dried eggs. Largely because of these developments, the Food Distribution Administration issued on March 23 Food Order No. 40 which provides that all shell eggs in cold storage on May 31 shall be set aside for governmental agencies. And after May 31 no shell eggs may be stored except for Government uses. A second food order, Food Distribution Order No. 41, reserving the entire 1943 production of spray-process dried whole eggs for delivery to governmental agencies was issued on March 23.

In mid-April, wholesale egg prices were slightly lower than they were before the issuance of the food orders but somewhat higher than prices in February 1943 and about 25 to 30 percent higher than in mid-April 1942. The relationship between egg and feed prices is the most favorable on record.

Hatchery production of baby chicks is establishing new high levels and the number of young chickens on farms on April 1 was 23 percent larger than a year earlier. Supplies of chickens will be much larger this year than last with most of the increase coming in the second six months. Prices of all classes of poultry at terminal markets have been at ceiling levels and the demand has greatly exceeded the supply. Sales of fowl by farmers have been very small because of the favorable relationship between egg prices and feed prices.

FRUITS

Prices for most fresh fruits continue at more than 50 percent above those of a year ago. Carlot shipments of fresh fruit since the first of the year are about the same as those during the same period in 1942.

Auction prices of California oranges have continued at the peak levels of mid-March -- at or near the ceiling price. Auction prices of Florida oranges declined during the latter half of March but strengthened the first part of April. Sales of Florida oranges are being made at prices somewhat below the ceiling level, a level increased March 16 by a seasonal differential

of 32 cents per box. The March 15 equivalent on tree return for all oranges was \$1.96 per box or 11 cents above the "comparable" price. Prospective supplies have improved since March 1, and total orange and tangerine production now is estimated at 86.1 million boxes or 2 percent larger than production last season. In Florida record crops of all varieties are expected.

City auction prices of grapefruit have declined from the high level of mid-March. The March 15 equivalent on tree return to growers was 133 percent of the "comparable" price. Sales of grapefruit the first week of April were being made at a price somewhat below the ceiling -- a ceiling adjusted March 16 by a seasonal increase on Florida and Texas grapefruit of 23 cents per box. Although a record grapefruit crop is being harvested, carlot shipments thus far this season are about the same as those for the same period a year ago. However, a record grapefruit juice pack is expected.

The April 1 estimate of lemon production was 13,650,000 boxes -- about 1.9 million boxes larger than the 1941-42 crop. Auction prices for lemons continue at a high level, but are lower than the peak prices of mid-March.

On the basis of the April 1 condition, a light peach crop appears probable in the 10 early Southern States. Reports from California also indicate relatively poor conditions for the apricot crop in that area. A larger than average apple crop or near record production of other deciduous fruits must be obtained in 1943 if the quantity of all fruit available for fresh consumption by civilians this year is to equal that available in 1942. Even though growing and harvesting conditions are favorable, it appears probable that the quantity of canned fruit available for civilian consumption in 1943-44 will be only about one-half that available in 1942-43.

TRUCK CROPS

Truck crop prices continue at high levels. Early April prices of many vegetables were somewhat lower, reflecting the usual seasonal decline. For the week ended April 3, prices of the following vegetables on the New York wholesale market declined from the previous week: Asparagus, lima beans, beets, carrots, celery, cucumbers, eggplant, escarole, kale, peppers, spinach, and tomatoes. However, snap bean, broccoli, cabbage, cauliflower, lettuce, and onion prices on the New York market increased from late March through April 3. Vegetable prices generally will continue at a high level compared with last year but, as larger supplies come on the market, prices of most vegetables are expected to decline seasonally.

Early frosts in winter-vegetable areas have delayed the vegetable season. Replantings in Florida are expected to come into production about mid-April and should furnish heavy supplies by May 1. Total tonnage of commercial vegetables produced to date this season is estimated at 11 percent below last year for the same period. This decrease is due to reductions in acreage harvested, partly because of frost damage but primarily because of reduced plantings. Yields are about the same as last season.

During April and May supplies of the following vegetables will be relatively more abundant than a year ago: Snap beans, carrots, green peas, and green peppers. Nevertheless, these more abundant supplies probably will be small relative to consumer demand. Supplies of cabbage, cucumbers, eggplant, and onions are expected to be considerably smaller than last season. Many of these trends in production are not in line with shifts suggested in the production goals for 1943.

Intended acreage of major vegetables for processing were 5 to 19 percent above planted acreage last season; green peas and sweet corn, 5 percent; and snap beans 19 percent higher. These increases are in line with the Department's concerted effort to encourage increased production of major canning crops. Since these acreage plans were as of March, some changes may be expected.

POTATOES

Since January, potatoes generally have been selling at ceiling levels. Recent market reports indicate that supplies coming into the terminal markets are relatively short compared with quantities which would be purchased at ceiling prices. These price movements can be readily explained by the high level of demand resulting from the greatly increased buying power at all income levels, increased military purchases, and probable diversion of effective demand to potatoes because some other consumer goods are no longer available. The movement of potatoes has been unusually rapid this season. Rail and boat shipments through March were running about 35 percent above last season for the same period.

According to March 1 intentions to plant, potato growers plan to increase plantings about 14 percent above last year. This represents an increase from 2,793,400 acres planted last year to 3,174,300 acres intended for 1943. However, 1943 intentions are 2 to 3 percent short of the goal acreage. Early States are planting well above goals.

DRY EDIBLE BEANS

Growers' intentions to plant, as of March 1, indicated 2,480,000 acres of dry beans -- 16 percent above the planted acreage last year but still considerably short of the 1943 goal. On April 8 the War Food Administration announced new support prices for the 1943 crop ranging from \$6.50 to \$7.50 per bag for No. 1 grades. The new price-support program also covers No. 2 and No. 3 grade beans at appropriate discounts from the No. 1 grades and no doubt will stimulate increased plantings, particularly in the Northeast and North Central States.

Dry bean prices during March were generally at ceiling levels. Effective March 25, ceilings on most varieties of dry beans were revised upward, which probably will result in a rise in the price of most classes of dry beans during the next few weeks.

"American Agriculture 1899-1939: A Study of Output,
Employment, and Productivity"

By Harold Barger and Hans H. Landsberg
National Bureau of Economic Research

The primary contribution of this book to agricultural economic literature lies in its synthesis of the available agricultural data pertaining to output, consumption, and employment into a single integrated volume. Basic data available to researchers are combined in this book into indices of output, employment, and output per worker, but inasmuch as the new indices do not differ materially from earlier ones they make a greater contribution to the integration of the present volume than to available scientific measures of agricultural economic activity.

The authors present a new index of agricultural output which is, in concept, a measure of agriculture's net contribution to the economic product of the Nation. Most indices of output attempt to fulfill one of two concepts, either gross or net output. This index approaches the net output concept more closely than most available indices -- more closely than the Bureau of Agricultural Economics index of agricultural production for sale and home consumption, primarily because this new index is adjusted for changes in inventories. The new index does not differ materially, except in a few years, from the index developed by L. H. Bean and Frederick Strauss of the Department of Agriculture in cooperation with the National Bureau of Economic Research.

All three of the indices considered above, Bureau of Agricultural Economics, Barger and Landsberg, and Bean and Strauss, are weighted by value of production. R. G. Bressler, Jr. (National Research Project, Philadelphia, 1938) developed an index weighted according to the labor requirements for the various products and designed to measure gross output. The similarity between the new index and Br  ssler's index is surprising in view of the great difference in method of construction and concept.

In the words of the authors, the single chapter on food consumption is included "because the volume and the character of agricultural production are intimately related to changes in dietary habits." Consideration is given to the effects of newly developed nutritional standards on consumption habits of the American people. The partial shift from cereal carbohydrates to fats and sugar as a source of energy, the shift from meats to poultry and dairy products as a source of protein, and the increasing importance which is being attached to vitamins and minerals in the diet are, of course, associated with changes in the production of and demand for many of agriculture's basic products. Excellent charts, in view of available data, are presented to demonstrate the above shifts.

In the sections dealing with agricultural employment, attention is called to the shortcomings of available agricultural employment data, with particular attention being directed to (1) the difficulties of putting data from the various censuses on a comparable basis and (2) the sharp

decline in the relative importance of child farm labor in the period covered. An agricultural employment series covering the number of farmers plus adult male laborers was developed as an alternate to the series on number of persons gainfully employed. This series is totally unaffected by the change in the importance of child labor and thus errs in the opposite direction from series which give child laborers and women a weight equal to one man.

The problem of measuring agricultural productivity is approached in terms of (1) output per worker, (2) direct labor requirements, (3) total labor input or labor requirements, and (4) yields per acre and per live-stock unit. The measurement of agricultural output per worker is at best a crude measure of agricultural productivity because, first, available data on agricultural employment are poor and, second, inasmuch as agricultural productivity is, in concept, net output divided by input, we cannot consider that output per worker measures productivity unless we grant the assumption that labor input is a representative measure of total input. This assumption cannot be realistically granted because great changes occurred during the period covered in (1) the quantities of machinery used in agriculture, (2) the quantities of workstock used in agriculture, and (3) capital investments in productive livestock. No attempt is made to develop an over-all statistical appraisal of the effects of all these factors on agricultural productivity. Instead, as in many past studies, output per worker is studied in an attempt to get at the over-all picture and then direct labor requirements, total labor requirements, and yields are studied individually, with little coordination of these effects into an over-all statistical picture of the factors affecting changes in output per worker. Until such over-all analysis is performed on a comparable basis for different segments of the economy, we shall not have a reliable basis for appraising the changing productivity of labor devoted to the different economic pursuits.

The summary and conclusions of the authors are drastically weakened by a six-page, finely printed footnote by Director C. R. Noyes wherein the authors' conclusions are criticized both as to origin and as to correctness. However, these criticisms do not detract from the book's primary contribution -- its integrated presentation of the available output, employment, and consumption data pertaining to United States agriculture 1899-1939. In the opinion of Mr. Noyes the conclusions place too much emphasis upon certain historical happenstances, theories, and trends pointing to (1) a probable cessation of the increase in the aggregate agricultural output, and (2) a continuance of the trend of the past 20 years toward an absolute reduction in those gainfully occupied in agriculture. The merits of the authors' conclusions and Mr. Noyes' objections could not be adequately discussed in a review, even if the conflict were completely resolvable. The presentation of the conflict probably serves the useful purpose of stressing the dangers of basing strict conclusions on the descriptive statistics presented in this volume.

GLENN L. JOHNSON

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUS-TRIAL PRO-DUCTION ¹	FACTORY EMPLOY-MENT ²	FACTORY PAY ROLLS ²	INCOME OF IN-DUSTRIAL WORKERS ³	CASH INCOME FROM FARM MAR-KETINGS ⁴	WHOLE-SALE PRICES OF ALL COMMOD-ITIES ⁵	RETAIL FOOD PRICES ⁶	COST OF LIVING URBAN ⁷	PRICES RECEIVED BY FARMERS ⁸	PRICES PAID BY FARMERS ⁹	PRICES PAID BY FARMERS, INTEREST AND TAXES ⁹	RATIO OF PRICES RE-CEIVED TO PRICES PAID INCL. INTEREST & TAXES
Base period	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1910-14	1910-14	1910-14	1910-14
1929	110	108	127	134	142	118	133	122	146	154	167	87
1930	91	94	103	110	113	107	126	119	126	146	160	79
1931	75	80	78	84	80	91	104	109	87	126	140	62
1932	58	68	54	58	59	80	86	98	65	108	122	53
1933	69	75	58	61	67	82	84	92	70	108	118	59
1934	75	88	74	76	79	93	94	96	90	122	128	70
1935	87	93	86	86	89	99	100	98	108	125	130	83
1936	103	101	99	100	105	100	101	99	114	124	128	89
1937	113	111	118	117	111	107	105	103	121	131	134	90
1938	89	93	91	91	96	98	98	101	95	123	127	75
1939	108	102	106	105	99	96	95	99	93	121	125	74
1940	123	110	122	119	105	98	97	100	98	122	126	78
1941	156	135	178	169	141	108	105	105	122	131	134	91
1942	181	155	258	238	188	123	124	116	157	152	152	103
1942-												
Mar.	172	148	222	208	175	121	119	114	146	150	150	97
Apr.	173	150	231	218	191	122	120	115	150	151	151	99
May	174	152	241	225	188	123	122	116	152	152	152	100
June	176	154	249	234	192	122	123	116	151	152	152	99
July	178	156	267	247	192	122	125	117	154	152	152	101
Aug.	183	158	272	251	204	123	126	118	163	153	152	107
Sept.	186	160	278	255	208	124	127	118	163	154	153	107
Oct.	191	162	284	259	211	124	130	119	169	155	154	110
Nov.	194	164	301	273	224	124	131	120	169	156	155	109
Dec.	197	168	307	279	226	125	133	120	178	158	156	114
1943-												
Jan.	199	171	322	291	224	126	133	121	182	160	158	115
Feb. ¹⁰	203	172	315	286	240	127	134	121	178	162	160	111
Mar. ¹⁰	205	--	--	--	--	128	--	--	182	163	161	113

¹Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.²Based on Bureau of Labor Statistics data, adjusted for seasonal variation (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics). 1941 to date revised March 1943.³Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised March 1943. To convert to 1924-29 base, multiply by 78.4314 percent.⁴Adjusted for seasonal variation. Revised from January 1935 to date and placed on a 1935-39 base.⁵Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.⁶Bureau of Labor Statistics.⁷Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.⁸August 1909-July 1914 = 100.⁹Annual figures are straight averages of 12 monthly indexes, 1923-41.¹⁰Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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